

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Materials & Supplies, Cloth, Tentage and Storage, distribution, access and use in State Health Facilities – New Procurement Policy of Andhra Pradesh (2012) – Orders – Issued.

HEALTH, MEDICAL AND FAMILY WELFARE (M1) DEPARTMENT

G.O.Ms.No 153

Dated: 28-07-2012.

Read the following: -

1. G.O.Ms.No.48 HM&FW Dept., dated: 20.02.1999 (S&C)
2. G.O.Rt.No.675 HM&FW Dept., dated: 05.06.2006 (S&C)
3. G.O. Rt.No.1043 HM&FW Dept., dated: 30.09.2005 (CTS)
4. G.O. Rt.No.595 HM&FW Dept., dated: 18.05.2006 (CTS)
5. G.O. Rt.No.934 HM&FW Dept., dated: 10.08.2006 (CTS)
6. G.O. Rt.No.1357, HM&FW Dept., dated: 19.10.2009

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ORDER: -

In the Government orders 1st to 5th read above, the Andhra Pradesh Medical Services Infrastructure Development Corporation (APMSIDC) was entrusted with the responsibility of procurement of Materials and Supplies (M&S) under the Head of account “211” and Cloth, Tentage and Stores (CTS) under the Head of Account “250” for supply to all the Government Hospitals and Health Institutions, through the Central Medicine Stores (CMS) established in the Districts. However, it has been observed that the system of procurement and supply of M&S and CTS to all the Government Hospitals needs a significant improvement, as there are several instances of the required items not being available at the right time, either in the Central Medicine Stores or in the Hospitals.

2. Accordingly, the Government have decided to implement a New Procurement Policy that seeks to address the existing problems and accordingly issue the following orders in supersession of the earlier orders on the subject. The constituents of the Materials & Supplies, Cloth, Tentage and Stores include the following: -

- (a) Surgical: Products which are pertaining to surgery Ex: Surgical Blades, Syringes, Sutures, Surgical Gloves, B.P. Apparatus, Stethoscope, Surgical Instruments, Intra Venous Sets, I.V. Cannulas, etc.
- (b) Materials: Cots, Beds, Trolleys, Bedside Lockers, Wheel Chairs, Stretchers, Sterilizers, I.V. Fluid Stands, Neurosurgery OBG, Orthopaedic instruments and Implants and Blood administration set etc.
- (c) Consumables: Products which are used recurrently “get used up” or discarded. Ex: Roller Bandages, Gauge Bandage, Absorbent cotton Adhesive Plasters, Sprit, Urinary drainage bags, lab reagents, Diagnostic kits etc.
- (d) Sanitary Materials: The Products which are used for sanitation purpose. Ex: Black disinfectant Liquid (Phenyle), Dettol, Naphthalene balls etc.
- (e) Cloth, Tentage and Stores (CTS)
Ex: Bed Spreads, White Apron Cloth, Khaki Uniform Cloth, Blue Uniform Cloth, operation theatre grey cloth, Mosquito Bed Nets, and white and Blue Sarees etc.

1. Objective of the Policy:

The overall objective of the new procurement policy is to make available M&S and CTS of good quality, at all health facilities in the State at all times, after procurement at competitive prices in a transparent manner and to promote rational use of M&S and CTS. More specifically, the following objectives are sought to be achieved through this policy framework

- I. Only M&S and CTS, essential for effective delivery of medical and health services shall be procured in quantities proportionate to their demand.
- II. The Procurement shall be effected as per a prescribed calendar for ensuring timely availability;

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- III. The Procurement procedure shall be efficient and transparent;
- IV. The M&S and CTS procured shall be stored in proper conditions, transported and delivered to the health facilities systematically at their door step.
- V. A comprehensive information system for managing the entire cycle of procurement shall be established in every Hospital and the central Drug stores in every Dist.

2. Allocation of Budget

2.1 The available budget under the Head of Account 211 M&S and 250 CTS (Non-Plan) in respect of DME APVVP and DPH&FW, shall be apportioned among the following HODs in the manner shown below:

S.No.	Head of the Department	Percentage of Allocation in 211 M&S	Percentage of Allocation in 250 CTS
1	Director of Public Health & Family Welfare	15	15
2	Director of Medical Education	60	60
3	A.P. Vaidya Vidhana Parishad	25	25
Total		100	100

2.2 The Budget allotted for decentralized (The Items which are purchased on emergency basis in local market) **purchase would be 20% for institutions under Directorate of Medical Education, 20% the A.P. Vaidya Vidhana Parishad and 5% for Directorate of Public Health.**

2.3 Each HOD shall reallocate the Budget amount to the health facilities under their control, adopting the formulae shown in the Annexure-I.

3. List of M&S and CTS to be procured.

3.1 The procurement policy shall be based on a list of M&S and CTS, so as to meet the objectives, of these M&S and CTS are selected through an evidence-based process with due regard to Public Health and Medical relevance, quality, safety, efficacy and comparative cost-effectiveness.

3.2 With a view to arrange for preparation of the list of M&S and CTS and to rationalize the usage of M&S and CTS; the Government hereby constitutes a Standing Committee of Experts on M&S and CTS List with the composition and responsibilities shown in Annexure-II. The Committee shall submit its initial report within one month from the date of constitution and thereafter review the list for every two years.

3.3 M&S and CTS shall be prepared keeping in view the WHO Norms, Standard Treatment guidelines and also through extensive consultations with Surgeons and Super-Specialists working in the Public Sector Hospitals.

4. Methodology for estimation and indenting:

4.1 The individual indents of the Primary Health Centres and Hospitals shall be scrutinized and consolidated by the HOD in the month of April every year to enable the APMSIDC to initiate procurement process for the next procurement year. While consolidating the requirements, the HODs shall keep in view the Budget estimated in the ensuing procurement year and limit the quantities of M&S and CTS to be indented accordingly.

4.2 The HODs shall indicate the quarterly delivery Schedule to enable effective inventory management at the Corporation level.

5. Availability of M&S and CTS

5.1 The principal objective of the procurement policy is to ensure timely availability of required M&S and CTS at all health facilities. This shall be achieved by adopting the following norms strictly;

- i) APMSIDC shall be responsible for ensuring that adequate quantities of M&S and CTS are available at all the Hospitals and health centres in the State.
- ii) APMSIDC shall establish appropriate transportation and logistic arrangements to deliver the M&S and CTS, indented by each health facility at its door step, as against the current system of Hospitals and Primary Health Centres having to fetch M&S and CTS for themselves from the Central Drug Stores (CDS)

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iii) The Corporation shall arrange to supply M&S and CTS systematically to all the Hospitals through a specified route on pre-specified dates for each Hospital/ PHC. An appropriate calendar for delivery shall be accordingly prepared by the Corporation and communicated/ published for the information of all the Health Institutions, along with the quantities of M&S and CTS being supplied from time to time.

5.2 While the basic responsibility of procurement, stocking and inventory management lies on the Corporation, the Medical Officers/ Superintendents are required to send appropriate indents to the Central Medicine Stores (CMS) in the following circumstances.

i) The Stock of any M&S and CTS gets exhausted earlier than estimated, due to heavy demand and

ii) All or some M&S and CTS items that are over stocked at the health facility due to slow movement or non-issuance, due to vacancies of Doctors at the facility.

5.3 A real-time Inventory Management System shall be established by the APSMIDC, to indicate the availability of stocks of M&S at all the Hospitals and PHCs on a real time basis for use by both the officials of the Corporation and also the health facilities. The System should also enable a two-way communication and/or work flow system to enable the requirement at para 5.2 above.

5.4 An appropriate comprehensive MIS may also be developed and established to give alert when any particular item has gone below the recommended minimum stock level and the instances of M&S procured locally on account of non-availability of stock with the Corporation. The following stock levels shall be maintained at different levels:

- i. CDS, 3 months Stock
- ii. Any health facility in the Tribal Areas 2 (two) months' Stock
- iii. Hospital level (Other than Tribal Areas) 1 (one) months' Stock
- iv. Pharmacy level-One week' Stock

Whenever, the stocks go below the aforesaid levels, it shall be the responsibility of the Corporation to replenish the same either by cross movement or by fresh procurement. To this end, the Corporation shall design and establish an appropriate system of forecasting demand for each health facility and projecting the likely stock levels for sixty (60) days in advance, to enable timely replenishment.

5.5 FEFO (First Expiry First Out)/FIFO (First in First Out) System shall be established in the inventory management at all levels viz, State, District and all health facilities.

6. Procurement Procedure.

6.1 The Managing Director, APMSIDC shall formulate a revised bid document for procurement of M&S and CTS to cover both the centralized procurement and de-centralized procurement with a view to enhance the efficiency and transparency of procurement, to ensure an effective contract management and above all to guarantee the quality of M&S and CTS procured. Adequate safeguards should be built in the bid document for ensuring that only the manufacturers who have quality certification / Authorized distributors shall participate in the tenders. The revised procurement procedure shall incorporate appropriate best practices and safeguards including those indicated below:

- i. Conducting 'pre-bid conferences' and also debriefing the bidders immediately after award of Contract, indicating the reasons for rejection of bids.
- ii. The details of award of Contract/Rate Contract shall be communicated to all the Heads of Department / DM&HOs / DCHS / Superintendents of all teaching Hospitals / Director General, Drug Control Administration, besides publishing the same on the website of the APMSIDC.
- iii. In case of Medicine related items for products with a shelf-life of 3 years or more, minimum shelf-life of 2 years, is to be specified at the time of delivery. For products with a shelf-life of less than 3 years, the remaining shelf-life upon arrival must be at-least 80%.

- iv. The Corporation shall undertake a strict enforcement of procedure for blacklisting of suppliers for failure to deliver the goods within the prescribed time OR supplying the M&S and CTS which do not pass quality tests. Appropriate criteria for adjusting quality standards shall be defined by the Corporation and incorporated in the Tender document for the information of all the bidders and suppliers.

6.2 The Managing Director, APSMIDC may engage reputed consultants for preparation of the revised bid document, following due procedure.

6.3 The Corporation shall be entitled to claim a service charge of 7% of the value of M&S and CTS procured for meeting the cost of procurement management, administration, quality testing, storage, transportation and establishing real time inventory management system.

6.4 Reserve items like I.V. Sets, Absorbent Cotton, Bandage Cloth, Gauze Cloth, Roller Bandages 10cm x 4 mts. & 15 cm x 4 mts etc will be procured from SSI Units as per G.O.Ms.No.48, dated: 20.02.1999 and G.O.Rt.No.675 dated: 05.06.2006 and other G.Os to be issued from time to time.

7. The following Committees are constituted to be responsible for different tasks of the procurement process.

- a) Standing Committee of Experts of M&S and CTS headed by DME shall prepare a list of M&S and CTS, along with specifications (Annexure-II)
- b) Technical Evaluation Committee headed by DME can render advice on preparation and issue of bid documents, prequalification of bidders etc.
- c) Commercial Evaluation Committee which shall evaluate the price bids of Technically & Qualitatively qualified bidders and take all decisions connected with award of contracts (Annexure.III).

8. Governance Structure:

The Governing structure, MIS, Quality Control, transportation, Institutional arrangement Grievance redressal mechanism may be same as prescribed in G.O. (Rt.No.1357, HM&FW(M.1) Department, dated: 19.10.2009.

3. The New procurement policy shall be fully operationalized and implemented with immediate effect. The Managing Director, Andhra Pradesh Medical Services and Infrastructure Development Corporation, Director of Medical Education, Director of Public Health & Family welfare, Commissioner and the A.P. Vaidya Vidhana Parishad shall take action accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

K.R. KISHORE

PRINCIPAL SECRETARY TO GOVERNMENT,

To

The Managing Director, A.P.M.S.I.D.C., Hyderabad.

The Director of Medical Education, A.P., Hyderabad.

The Director of Public Health & FW, A.P., Hyderabad.

The Commissioner, APVVP, Hyderabad.

Copy to:

The Commissioner of Health & Family Welfare, A.P., Hyderabad.

The Principal Accountant General, A.P., Hyderabad.

The Director General, DCA, A.P., Hyderabad.

The Director, Institute of Preventive Medicine A.P., Hyderabad.

The PS to Prl. Secy. to Hon'ble Chief Minister.

The OSD to Hon'ble Minister for Medical & Health.

Ps to Spl. CS to Govt. HM&FW, Dept.

The PS to Principal Secretary, HM&FW Department.

Sc/sf

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SECTION OFFICER.

ANNEXURE-I

The formulae for allocation of budget is based on different parameters for Director of Public Health, Commissioner, A.P. Vaidya Vidhana Parishad and Director of Medical Education, as the type and level of treatment, number of doctors and specialities vary across these departments. The formulae to be adopted by each HOD are given below:

A) Formula for Directorate of Public Health & Family Welfare:

Budget allocated to the Directorate of Public Health & Family Welfare each year shall be re-allocated to the Primary Health Centres adopting the following formula:\

$$B_{PH} = B_{DPH\&FW} \times \{[0.4(PHC/P_{State} (Rural)) + [0.4 (OP_{PHC}/OP_{State})] + [0.2(IPD_{PHC}/IPD_{State})]\}$$

$B_{DPH\&FW}$ = Budget allotted to the Directorate of Public Health & Family Welfare

B_{PH} = Budget allocated to be allotted to the PHC

P_{PHC} = Population covered by the PHC

$P_{State} (Rural)$ = Rural Population of the State

OP_{PHC} = OP census of the PHC during the previous year

OP_{State} = OP (Out Patients) census of the PHC's in the State, during the previous year

IPD_{PHC} = In-patient days of the PHC during the previous year

IPD_{State} = In-patient days of the State (all PHCs) during the previous year.

B) Formula for Commissionerate of APVVP and Directorate of Medical Education:

Budget allocated to the Commissionerate, A.P. Vaidya Vidhana Parishad and Directorate of Medical Education each year shall be reallocated to their respective health institutions adopting the following formula:

$$B_{AH/DH/TH} = B_{APVVP/DME} \times \{0.10 (BSDH/AH/TH/BS_{APVVP/DME}) + [0.25 (OPDH/AH/TH/OP_{State})] + [0.50 \times (IPD_{DH/AH/TH}/IPD_{State})] = [0.15(DPTDH/AH/TH/DPT_{APVVP/DME})]\}$$

Where, $B_{AH/DH/TH}$ = Budget to be allotted to Area Hospitals (AH), District Hospitals (DH) or Teaching Hospitals (TH)

$B_{APVVP/DME}$ = Annual Budget allocated to APVVP or DME

$BSDH/AH/TH$ = Bed strength of the District Hospitals (DH), Area Hospitals (AH) or Teaching Hospitals (TH)

$BS_{APVVP/DME}$ = Total bed strength in all the Hospitals under APPV or DME

$DPTDH/AH/TH$ = Number of speciality departments in District Hospitals (DH), Area Hospitals (AH) or Teaching Hospitals (TH)

$DPT_{APVVP/DME}$ = Total number of speciality departments in all the District Hospitals (DH)/ Area Hospitals (AH)/ under APVVP or all the Teaching Hospitals (TH) under DME

OP and IPD have the same meaning as in the formula for Directorate of Public Health & Family Welfare

As applied to A.P. Vaidya Vidhana Parishad and Director of Medical Education Hospitals appropriately.

SECTION OFFICER.

ANNEXURE-II**CONSTITUTION OF STANDING COMMITTEE OF EXPERTS FOR M&S and CTS**

(Please see Para-7 (a) of the G.O.Ms.No. 153)

Preparation of list of the M&S & CTS is one of the important activities that will ensure procurement of M&S and CTS in terms of the objectives of the new procurement policy. While preparation of the said list of M&S and CTS is initially a one-time responsibility, the list needs to be updated periodically. Accordingly, it is felt necessary to constitute a Standing Committee of Experts to approve and finalize the list of M&S and CTS with revised specifications, initially and update it once in two years or more frequently as needed.

The Standing Experts Committee of Experts on M&S and CTS is the final authority for approval of list of M&S and CTS and its updation. Its composition is specified below:

Sl. No.	Official Designation	Designation in the Committee
01	Director of Medical Education, A.P., Hyderabad.	Chairperson
02	General Manager (Procurement) , APMSIDC	Member/ Convenor
03	Commissioner of Health & Family Welfare/or representative	Member
04	Commissioner, APVVP / Representative	Member
05	Director of Public Health & Family Welfare/ Representative	Member
06	A Nominee of D.G., D.C.A., A.P., Hyderabad.	Member
07	Superintendent of Teaching Hospitals nominated by DME	Member
08	one Professor of Surgery to be nominated by DME	Member
09	one Professor of OBG, to be nominated by DME	Member
10	One Professor of Anaesthesia, to be nominated by DME	Member
11	Medial Superintendent of an Area Hospital to be nominated by Commissioner, APVVP., Hyderabad.	Member
12	General Surgeon of a District Hospital, to be nominated by the Commissioner, APVVP., Hyderabad.	Member
13	Gynaecologist of a District Hospital, to be nominated by the Commissioner, APVVP., Hyderabad.	Member

The Standing committee of Experts on M&S and CTS shall discharge the following functions:-

- The basic responsibility of the Committee is to prepare the list of M&S and CTS initially within a period of one month from the date of constitution and to update it once in two years. Thereafter, it shall further categorize the list into A (Compulsory) and B (Important)
- The Committee shall also assign appropriate 'code numbers' duly following the international / National standards, which is useful for MIS and inventory management
- The Committee shall also arrange to print adequate number of copies of the list of M&S and CTS and communicate to all the Superintendents/ Medical Officers of the health facilities.

The Managing Director, APMSIDC shall facilitate the functioning of the Committee and meet the expenditure associated with convening of meetings, workshops, consultations and publication of lists in the draft and final forms from and out of the service charges collected by the Corporation.

SECTION OFFICER.

ANNEXURE-III**CONSTITUTION OF COMMITTEES FOR TECHNICAL & COMMERCIAL EVALUATION
OF TENDER FOR PROCUREMENT OF M&S and CTS****(Please see Para-7 (b) of the G.O.Ms.No. 153)**

The following Committees are constituted for Technical and Commercial evaluation of the bids received in response to the Tenders issued by the APMSIDC from time to time, for procurement of M&S and CTS with the responsibilities specified as follows.

A) Technical Evaluation Committee.

Sl. No.	Official Designation	Designation in the Committee
01	Director of Medical Education, A.P., Hyderabad.	Chairman
02	General Manager, APMSIDC., A.P., Hyderabad.	Member / Convenor
03	A Nominee of D.G., D.C.A., A.P., Hyderabad.	Member
04	Addl. Director of Health, Hyderabad.	Member
05	Joint Commissioner, APVVP., Hyderabad.	Member
06	Joint Director, Commissionerate of Health & Family Welfare	Member
07	Head of General Surgery (to be nominated by DME by rotation for every 2 years)	Invitee
08	Head of Gynaecology Dept (to be nominated by DME by rotation for every 2 years)	Invitee

The Committee shall be responsible for the following:

- To scrutinize pre-qualification bids received pursuant to any tender for procurement of M&S and CTS and accept or reject the bids;
- To inspect or cause inspection of the manufacturing facilities of bidders.
- The Committee shall take up sample verification

B) Commercial Evaluation Committee:

Sl. No.	Official Designation	Designation in the Committee
01	Special Chief Secretary / Principal Secretary (HM&FW)	Chairman
02	Managing Director, APMSIDC., Hyderabad.	Member /Convenor
03	Commissioner of Health & Family Welfare, Hyderabad.	Member
04	Director of Public Health & Family Welfare, Hyderabad.	Member
05	Commissioner, APVVP., Hyderabad.	
06	Director of Medical Education., A.P., Hyderabad.	Member
07	Representative of Finance Dept., A.P. Secretariat.	Member
08	PD, APSACS., Hyderabad.	Member
09	Procurement specialist from a reputed Institution (nominated by Government/ MD.APMSIDC)	Invitee
10	A Representative of D.G., D.C.A., A.P., Hyderabad.	Invitee

The Committee shall be responsible for the following:

- To evaluate commercial bids of technically qualified bidders.
- To decide the award of contract or rate contract to technically qualified bidders offering the most competitive rates; and
- To decide upon any other matters relating to the procurement of M&S and CTS.

SECTION OFFICER.